

PROVISIONAL HMDA DATA SAMPLING PROCEDURES

I. Changes to Sample Size

Using the sample sizes outlined in CA 04-4 as a starting point, samples should be reviewed and possibly increased to ensure that loan applications **originated by the bank** (HMDA action code 1) comprise at least 50 percent of the items in the sample. If the original randomly selected sample includes less than 50 percent of applications originated by the bank, continue randomly selecting applications with action code 1 until the number of originations reaches at least 50 percent of the original number of items in the sample. For example:

HMDA universe:	100
Sample size using CA 04-04 guidelines	39
Random sample selected:	
Action Code 1 (Originations)	11 (28 percent)
Action Code 2 (Approved not accepted)	4
Action Code 3 (Denied)	7
Action Code 4 (Withdrawn)	4
Action Code 5 (Incomplete)	2
Action Code 6 (Purchased)	5
Action Code 7 (Preapproval Denied)	4
Action Code 8 (Preapproval Not Accepted)	2
Additional originations required for sample:	9
Revised sample size:	48

II. Samples for HOEPA Loan Originations

These procedures also establish additional sampling requirements to review HMDA LARs for loans that are subject to HOEPA. This sampling method is designed to determine if the bank's procedures for calculating APR spreads and identifying HOEPA loans are accurate and to ensure that those reported as HOEPA loans, as well as those that are not, have been identified correctly. If the random sample selected for HMDA data verification, as outlined in Section I, does not include enough loans to fulfill the sampling requirements described below, a targeted sample of loans should be selected to meet the minimum requirements. **The loan sample developed for these purposes should only be reviewed to determine if the rate spread has been accurately computed and the HOEPA status correctly reported.**

For banks that originate less than 10 percent of their applications with APRs above the established thresholds set by HOEPA, a sample size of six loans each of first and subordinate lien loan originations should be reviewed, if possible, for a total of 12 loans (see section 226.32 of Regulation Z for a discussion of the appropriate thresholds). If possible, the sample should include three high cost non-HOEPA loans with APRs within one point below the HOEPA trigger and three HOEPA loans with APRs within one point above the HOEPA trigger for both first and subordinate liens. If the bank does not have enough loans within the one point margin above or below the HOEPA trigger to fulfill the sample requirements, loans with APRs beyond the one-point margin should be selected to achieve the requisite 12. This methodology has been selected because looking at close cases is most likely to reveal whether the creditor is correctly

designating HOEPA loans. For both first and subordinate liens, if the bank originated fewer than 3 high cost non-HOEPA loans with APRs below the HOEPA threshold or fewer than 3 loans with APRs above the HOEPA threshold, 100 percent of the loans in that category should be reviewed.

If the bank originates more than 10 percent of its loans with APRs above the HOEPA thresholds, a minimum sample of 10 loans each of first and subordinate lien loan originations should be reviewed, if possible, for a total of 20 loans. If possible, the sample should include five high cost non-HOEPA loans with APRs within one point below the HOEPA trigger and five HOEPA loans with APRs within one point above the HOEPA trigger for both first and subordinate liens. If the bank does not have enough loans within the one point margin above or below the HOEPA trigger to fulfill the sample requirements, loans with APRs beyond the one-point margin should be selected. For both first and subordinate liens, if the bank originated fewer than 5 high cost non-HOEPA loans with APRs below the HOEPA thresholds or fewer than 5 loans with APRs above the HOEPA threshold (but nonetheless meets the 10 percent criterion), 100 percent of the loans in that category should be reviewed.

HMDA Sampling Schedule

A	B	C	D	E	F	G	H	I
HMDA Universe	Initial File Review	Minimum Number of Loans Originated by the Bank	Maximum Number of Files with Errors* - Stop Sampling	Minimum Number of Files with Errors* - Additional File Review Required (Go to Column G)	Minimum Number of Files with Errors* - Stop Sampling & Apply Resubmission Standards	Additional File Review	Additional Number of Loans Originated by the Bank	Total Random Sample**
1 - 11	Review All	6						
12 - 20	12	6	0	1	2	Review All	Review All	All
21 - 30	13	7	0	1	2	Review All	Review All	All
31 - 50	15	8	0	1 - 2	3	13	7	28
51 - 70	17	9	0	1 - 2	3	12	6	29
71 - 90	18	9	0	1 - 3	4	20	10	38
91 - 110	28	14	1	2 - 3	4	11	6	39
111 - 130	29	15	1	2 - 4	5	18	9	47
131 - 140	29	15	1	2 - 4	5	20	10	49
141 - 170	29	15	1	2 - 5	6	27	14	56
171 - 190	30	15	1	2 - 5	6	27	14	57
191 - 270	30	15	1	2 - 5	6	29	15	59
271 - 380	30	15	1	2 - 6	7	38	19	68
381 - 750	31	16	1	2 - 6	7	38	19	69
751 - 1100	31	16	1	2 - 7	8	48	24	79
1101 -	32	16	1	2 - 7	8	47	24	79

* Files with one or more errors in Key Fields (Key fields identified by the Federal Reserve Board are: loan type; loan purpose; property type; owner occupancy; loan amount; action taken type; request for preapproval; application date and action date; MSA; state; county; census tract; ethnicity, race, and sex of the applicant and co-applicant; income; type of purchaser; rate spread; HOEPA status; and lien status).

** The total random sample could be larger if the minimum number of loans originated by the bank is not found in the original sample.